



**U.S. Department of Justice
U.S. Attorney's Office
Western District of Texas**

Johnny Sutton, U.S. Attorney

FOR IMMEDIATE RELEASE

Shana Jones, Special Assistant
Daryl Fields, Public Information Officer
(210) 384-7440

December 9, 2004

**SIX INDICTED BY FEDERAL GRAND JURY FOR EMBEZZLING MONEY FROM
KICKAPOO TRIBAL AND CASINO FUNDS**

United States Attorney Johnny Sutton, Special Agent in Charge Al Pena, U.S. Immigration and Customs Enforcement, Special Agent in Charge Martin J. Sheil, Internal Revenue Service - Criminal Investigation, Special Agent in Charge Patrick A. Patterson, Federal Bureau of Investigation and Special Agent in Charge Gary M. Mitchell, U.S. Department of Interior - Office of Inspector General announced that a federal grand jury in San Antonio returned a 19-count indictment today against six individuals, including former Kickapoo tribal leader Raul Garza, Sr., Kickapoo tribal gaming representative Isidro Garza, Jr., and his son, State Representative Timoteo Garza in connection with a scheme to steal over \$900,000 in tribal funds.

Raul Garza, Sr., age: 62, Isidro Garza, Jr., age: 54, and Timoteo Garza, age: 30, together with Isidro's wife, Martha Garza, age: 53, former Lucky Eagle casino manager Arthur Lee Martin, age: 54, and Eagle Pass attorney Jose J. Ruiz, are all charged with one count of conspiracy to commit theft or embezzlement of tribal and casino funds. In addition to that conspiracy charge, Isidro Garza, Jr., faces 13 substantive theft charges and one count of conspiracy to commit Money Laundering; Raul Garza, Sr., 11 substantive theft charges, three counts of filing false federal income tax returns and one count of conspiracy to commit Money Laundering; and Jose J. Ruiz, one substantive theft charge and one count of conspiracy to commit Money Laundering. Also, Arthur Lee Martin faces 10 substantive theft charges; Timoteo Garza, four substantive theft charges; and, Martha Garza faces one substantive theft charge. The indictment also includes a notice of criminal forfeiture. In the notice, the government seeks a monetary judgement against Raul Garza, Sr., Isidro Garza, Jr., and Jose J. Ruiz in the amount of \$310,766.46.

"These defendants were trusted by the tribe to manage their money and use it for the good of the Kickapoos. Sadly, they betrayed that trust," stated U.S. Attorney Johnny Sutton.

Specifically, the indictment alleges that Isidro Garza, Jr., manipulated and utilized the casino operating accounts for personal benefit in order to avoid the scrutiny of tribal members. The indictment charges that Isidro Garza, Jr., used the casino's American Express corporate credit card to fund approximately \$40,000 in campaign expenses during his 2000 bid for election to the U.S. House of Representatives. Isidro Garza, Jr.'s campaign finance report to the Federal Elections Commission falsely stated that the costs were direct expenditures by Isidro Garza, Jr., when in fact, the casino paid the credit card bill without any deduction from Isidro Garza, Jr.'s, management fee or receiving any reimbursement from Isidro Garza, Jr.

- more -

Isidro Garza, Jr., et al indictment

December 9, 2004

Page 2

The indictment also alleges that Raul Garza, Sr., stole \$1,731.90 from the Kickapoo Community Health Services; took over \$213,000 in cash withdrawals from the casino cash cage—money that was never deducted from or expensed to Raul Garza, Sr; and, used casino corporate credit cards to purchase two All Terrain Vehicles (ATVs) for his personal use and buy more than \$58,000 in furniture and household appliances for both his house in the United States and his house in Nacimiento, Coahuila, Mexico. The credit card bills were paid by the casino without any deduction from Raul Garza, Sr.'s management fee or receiving any reimbursement from Raul Garza, Sr.

Additionally, the indictment charges that from November 5, 2002, to June 3, 2004, Isidro Garza, Jr., Raul Garza, Sr., and Jose J. Ruiz devised a scheme to conceal from the tribal membership their embezzlement of \$310,766.46 from the casino. Those proceeds represented a loan obtained by the Kickapoo tribe from an insurance company for casino improvements. Unbeknownst to the tribal membership, the defendants arranged for the transfer of money from the casino's checking account into Ruiz' law office escrow account to be used as they saw fit.

"The luck has run out for those individuals who took advantage of the Kickapoo people. Immigration and Customs Enforcement (ICE), along with its partnering law enforcement agencies', investigation of the money laundering and related criminal activities at the Lucky Casino exposes those who would put greed and personal wealth above the welfare of the Kickapoo people," said Special Agent in Charge Alonzo R Pena, San Antonio Immigration and Customs Enforcement. "This was a very complex financial case involving multiple law enforcement agencies and venues. Ultimately, the ICE case involved following the money trail, the investigation of which demonstrated the violation of several federal statutes."

"This indictment reflects IRS's commitment to investigate financial crimes, especially those that involve the violation of the public's trust. IRS-CID and federal law enforcement takes theft from tribal funds very seriously and the perpetrators of these crimes will be prosecuted," said Martin J. Sheil, Acting Special Agent in Charge, Internal Revenue Service - Criminal Investigation.

"The arrests and indictment are directly attributable to the efforts between the FBI, ICE, the Criminal Investigation Division of the Internal Revenue Service, the Office of Inspector General of the Department of the Interior and the United States Attorneys Office for the Western District of Texas. This investigation reflects the FBI's continuing efforts to combat public corruption and the U.S. Government's overall efforts to combat criminal activity in the Native American gaming industry, an industry which many tribes rely on for their economic well-being," stated Patrick A. Patterson, Special Agent in Charge, Federal Bureau of Investigation, San Antonio Division.

"The U.S. Department of Interior-Office of Inspector General is pleased to join with the Department of Justice, Federal Bureau of Investigation, Internal Revenue Service and the Department of Homeland Security-Immigration and Customs Enforcement, in announcing the federal indictment of several former tribal and gaming officials with the Kickapoo Traditional Tribe of Texas for conspiracy, theft, money laundering and tax violations. The ever increasing incidents of white collar crimes impacting today's \$15 billion gaming industry in Indian country requires that federal agencies leverage their resources in order to achieve significant results," stated Gary M. Mitchell, Special Agent in Charge, U.S. Department of Interior - Office of Inspector General, Lakewood, CO.

Isidro Garza, Jr., et al indictment
December 9, 2004
Page 3

Isidro Garza, Jr., and Raul Garza, Sr., remain in federal custody following their arrests on Monday, December 6, 2004. Arrest warrants have been issued for the remaining defendants. Upon conviction of all charges Isidro Garza, Jr., faces up to 95 years of imprisonment; Raul Garza, Sr., up to 99 years imprisonment; Timoteo Garza up to 25 years imprisonment; Martha Garza up to 10 years imprisonment; Arthur Lee Martin up to 55 years imprisonment; and, Jose J. Ruiz up to 35 years imprisonment.

This investigation is being conducted by the United States Immigration and Customs Enforcement, Internal Revenue Service - Criminal Investigation, Federal Bureau of Investigation and the Department of Interior - Office of Inspector General. Assistant U.S. Attorneys William R. Harris and Joe F. Sepeda are prosecuting this case on behalf of the government.

An indictment is a formal accusation of criminal conduct, not evidence of guilt. The defendants are presumed innocent unless and until convicted through due process of law.

#####